

# UDA Investment Forum 2021

The Urban Development Authority Investment Forum 2021 aimed to attract local and foreign investments to invest in real estate projects in the Authority and facilitate the achievement of a US\$ 6 billion target of local and foreign investment by the end of the year 2022.



Dr. Nalaka Godahewa, State Minister of Urban Development, Coast Conservation, Waste Disposal, and Community Cleanliness

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The Urban Development Authority Investor forum 2021 showcased all available Real Estate Projects of the Urban Development Authority under Mixed Development, Residential Tower Development, Hospitality and Leisure Development, Office Tower Development, Logistic Hub Development, and Multi-storied Car Park Development.

Dr. Nalaka Godahewa, State Minister of Urban Development, Waste Disposal and Community Cleanliness, and Ajith Nivard Cabraal, Governor of Central Bank of Sri Lanka, graced the event as Guest of Honor and Guest Speaker, respectively.

The Urban Development Authority has engaged in diversified investment opportunities through several significant real estate development projects as it holds the sole Authority on declared urban areas. Many real estate development projects under main clusters – Real Estate & Township, Hospitality & Leisure, Logistic & Business Parks, and Residential Apartments are in the process to be implemented hand in hand with investors based on lease or public-private partnership in the coming years. It would aid the investors to opt for the top investment options and diversify the investment portfolio for maximizing returns and minimizing associated risk. To ensure that investors are provided an eased environment for investing and doing business, the UDA has brought forward a centralized promotion and facilitation center – One Stop Unit, intended to expedite the necessary clearances and approvals from relevant line agencies concurrently through one platform. It expedites the planning and development process through a more holistic, efficient, and effective decision-making process. As the Urban Development Authority holds the key statutory powers to manage urban declared areas, it assures that rapid urbanization is controlled and guided through regularly updated regulations and guidelines based on the context to offer better opportunities for investors. On the other hand, the Authority provides all essential systems and facilities that allow the smooth flow of the investments, developing and completely upgrading seaports around the island, the international airports, roads in the city of Colombo, and highways connecting to other parts of the country and power and telecommunication facilities. The national policy of the present Government has opened vast opportunities for urban real estate investment in-line with the “Vistas of Prosperity and Splendors.”

The keynote address was delivered by Ajith Nivard Cabraal, Governor of the Central Bank of Sri Lanka. “My mind goes back to the year 2009 when Sri Lanka was at the cusp of a new era, which was the development phase of Sri Lanka after a long time and at that stage one of the triggers that took the country forward was the transformation of the Galle Face to a new commercial center. Many people would not have thought that was possible; the defense headquarters was there, occupying one of the most vantage points of the country overlooking the Indian Ocean, Galle Face Green. It was unthinkable that any commercial establishments could be formed there, but a change occurred. A change was triggered by then His

Excellency the President Mahinda Rajapaksa and the Secretary for Urban Development Today's President Gotabaya Rajapaksa. That was a significant transformation for the country. That was the occasion when that center, which was Defense Headquarters, was transformed into a commercial hub of malls, hotels, apartments overlooking the Indian Ocean, and the Port City that was going to be built. That transformation set the foundation for Sri Lanka's phenomenal growth after that.

Sri Lanka enjoyed one of the fastest growth in its history during that period. That was the UDA taking that step and moving forward with Shangri-La and other malls taking place and ITC development, and that was the beginning. That allowed us to have a seven percent growth, and Sri Lanka moved into a dimension where the country's GDP, which was only USD 24 billion in 2005 and its fastest rise to 79 USD billion by 2014. There was a lot more planned. And as the Chairman of the Securities and Exchange Commission at that time, the current minister Dr. Nalaka Godahewa was at the forefront of taking the markets forward. At the same time, there was a new impetus for urban development. Sri Lanka was a hive of activity. At the height of that time, there was a visit by the then Reserve Bank of India Governor, Raghuram Rajan to Sri Lanka in 2014 under the invitation of me, as the Governor at that time. He told me your country looks like a South-Eastern Asian Region Tiger, and that was the definition that was given because the city was bustling, neat, and tidy, and that was the impression created. So I think we have a new challenge, we had five years of declining growth from 2015 to 2019, and 2020 was one of the most challenging years since Independence that we had to encounter with COVID-19 and negative growth of 3.5 percent. 2021 was even a tougher year with vast challenges of steering the country back from that problematic position even while experiencing lockdowns. Still, we will have a nearly five percent growth this year, but that is the environment we are working out. It was not an enviable environment, and it was a challenging environment. But all tough times provide us with opportunities as well; it is up to us to seize those opportunities; it is up to us to make use of any threat or any difficult period. There is a new adjustment that we can make to our economy. We had found that our foreign debt burden is somewhat challenging for us to handle in the future. When we had a USD 79 million economy, our exposure to international sovereign bonds was only five billion, which was six percent of our total of five ISBs to the GDP. But by 2019, it had risen to USD 15 billion of ISBs, and the economy had grown to USD 84 billion. That put an enormous amount of stress on us. We came out with some straightforward strategies and implemented those. One was to ensure that we

changed the debt structure. Second, we identified a new area to monetize some of the assets that were not being utilized for a long time. UDA came with a package of possible contenders to meet that need. That is a significant change that we are infusing into our economy. That is an important change that will be an essential platform to develop the country for the next several years. From the Central Bank's view, it is helpful to ensure that our debt situation becomes more manageable because it will bring foreign exchange where we don't have to pay back, that will come in and stay in this country permanently. It will help enormously to restructure our overall debt portfolio. The second is that all these underutilized assets that were not generating any economic activity would be now positioned to provide that new impetus to the economy. Using the USD six billion of new inflows that can come into the country by way of 50 projects you have enumerated would generate the enormous economic potential that will lead to growth, employment, and sustainable position. It is a tremendous contribution by the UDA, where there is the promotion of our economy's growth and sustainability. It's a massive investment, and that will lay the platform for development in our country and the impact of that will be felt across all our economy."

Dr. Nalaka Godahewa, State Minister of Urban Development, Coast Conservation, Waste Disposal, and Community Cleanliness, said, "I believe in the tremendous potential of this country. If we all work together, we can achieve a lot. There is an opportunity for all of you to be among the key contributors to the development of our nation. By doing so, together, we can be the beneficiaries of the ultimate development. In 2005, when His Excellency the President Mahinda Rajapaksa took over the Government as the fifth executive president, the country's GDP was only USD 20 billion. During his tenure of nine years from 2006 until 2014, due to the rapid economic development in the country, the GDP grew to USD 80 billion, a four-fold increment. The per capita GDP had reached USD 3,820 by 2014; at that time, we had achieved one of the fastest economic growths in the whole of Asia; we were only second to China at that time. At that growth rate, the Central Bank predicted USD 160 billion economies by 2020. They predicted that by 2020, we should have achieved a per capita GDP of USD 7,500. During 2012-2014, I was the Securities and Exchange Commission chairman, and we regulated the Colombo Stock Exchange (CSE). At that time, the CSE was a true reflection of the economic development of this country. During that time, the CSE had become the best performing stock exchange in the whole of Asia and was recognized internationally as well in 2015. The market capitalization of CSE had increased four-fold from USD 5.7 billion to USD 23.7 billion. Unveiling a five-year plan in early 2015, I predicted a

100 billion USD capital market at that time. We had only USD 2.7 billion as our foreign reserves in 2005, but by the end of 2014, the foreign reserves had increased to USD 8.5 billion there; again, if we had continued our growth rate, we should have achieved at least USD 15 billion by now. Our current President, His Excellency Gotabaya Rajapaksa, was the Secretary to the Ministry of Urban Development from 2009 until 2014. This was in addition to his responsibility as the Defense Secretary. During that period, Mr. Gotabaya Rajapaksa, then-Defense Secretary, made significant contributions to the Urban Development activities of this country during his tenure. His contribution to Urban Development and Housing development was unparalleled, and Colombo city won an award as the fastest growing city in Asia in 2014, beating a city in China. The 850-million-dollar investment in Shangri-La hotel, Dutch Hospital restoration, Race Course building restoration, Arcade building, launching the floating market, and the landmark World Bank project on Metro Colombo Urban Development and flood mitigation are just a few important initiatives during that period. Today, we are happy to see these visionary leaders, the former president, and former defense secretary, at this country's helm, once again holding different responsibilities. As the president and prime minister of this country, His Excellency Gotabaya Rajapaksa and Hon Mahinda Rajapaksa have challenged our economy towards the country's prosperity despite the global pandemic, which is affecting all nations alike. When His Excellency Gotabaya Rajapaksa became the president in 2019, 6.9 million people voted for his election manifesto 'Vistas of Prosperity and Splendor.' He had outlined ten priorities in this policy framework, and the development of physical resources is one of them. There are several ministries responsible for the infrastructure development of this country, and our ministry is one of them. The focus of our ministry is urban development and housing. In this forum, we expect to discuss some of the opportunities in this area. Our ministry has access to many land and properties that can be used for development purposes. We have access to properties that belong to our ministry and other ministries because we coordinate with them. We are continuously looking for potential investors for these properties, and we are also looking at public-private partnerships for these development purposes. There are many benefits to investors who are choosing us as their project partners, such as access to land that are situated in prime locations across the country, access to necessary utilities and infrastructure and also faster approval process for your projects would be some of them."

Maj Gen Retd Udaya Nanayakkara, Chairman, UDA, said, "UDA Investor Forum 2021 is our opportunity to lead towards our vision to plan, sustain urbanization. We focus

on realizing the stated vision of shared prosperity of all people through this event, leaving no one behind. The COVID-19 pandemic has taught us that an organization's capacity for planning strategically and adjusting as needed to changes in external landscapes can make the difference between prosperity and wellbeing. Effective strategic planning is essential for every organization regardless of industry; thus, as the central planning authority at the forefront of social, economic, environmental, and physical progress, UDA has taken several strategic initiatives to face today's and tomorrow's challenges. UDA 2021 resonates with all our works and is at the core of our national policy – Vistas of Prosperity and Splendor for sustainable development.

Sri Lanka is well-known that our country as an investment destination, which offers investor-friendly policies with the commitment to resolve and enhance the business competitiveness in the region. Despite the downturn in the global economy, Sri Lanka has experienced improvements in the return of foreign investments. It is typical for a developing country like ours to face challenges. However, international investors appreciate the efforts of Sri Lanka. Hence, it lays the path for accelerating a fast-paced growth in Sri Lanka by taking advantage of its inherent strengths and untapped potential as envisioned by the National Policy Framework of "Vistas of Prosperity & Splendor." The Government of Sri Lanka emphasizes sustainable economic development. Therefore, the Foreign Direct Investment (FDI) will play a fundamental role in energizing Sri Lanka's economy. As the apex planning authority in the country, the UDA, throughout its journey, has been involved in significant programs prioritized to systematically beautify and develop urban areas throughout the island with the assistance of all government institutions. We play a major role as one of the premier investment promotion bodies in the country, actively engaging and facilitating the flow of FDI in the country while being responsible for attracting, facilitating, and promoting both local and foreign investment for the betterment of the country as we are in control of a vast number of real estate resources. Systematically, we aim to streamline and formalize business procedures and elevate Sri Lanka's global rankings and increase global competitiveness.

On the other hand, we look forward to furthering our endeavors and mobilizing private investments, both domestic and foreign. We believe it will create a more investor-friendly environment and lay paths to open up the economy further to attract foreign direct investment and provide equal treatment to foreign and local investors. Our strategy, complementing our robust FDI framework and investment growth strategies, will lead not only to provide comfort to prospective investors for

continuation of investment regime and non-financial contributions that come along with the FDI but also increased economic development as expected.”



The keynote address was delivered by Ajith Nivard Cabraal, Governor of the Central Bank of Sri Lanka.





Major General Retd Udaya Nanayakkara, Chairman, UDA.